PROVINCE OF SASKATCHEWAN

07-08

MINISTRY OF
HIGHWAYS AND
INFRASTRUCTURE

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Letters of Transmittal

His Honour, Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it please your Honour:

I respectfully submit the Annual Report of the Ministry of Highways and Infrastructure for the fiscal year ending March 31, 2008.

The 2007-2008 fiscal year was a year of transition for Saskatchewan and the Ministry of Highways and Infrastructure; a year of winding down previous strategies and implementing new and bolder plans for Saskatchewan. Our government is applying a strategic approach to infrastructure investment in this province to ensure continued economic growth and to secure the future for Saskatchewan through open and accountable governance.

Since the election in November 2007, this government has been building on its values of growth, security, and promises. During this time, government has been deliberating on how to strategically invest in Saskatchewan to ensure the momentum translates into long-term, sustained economic prosperity, and to make certain that the benefits of the growing economy are felt by everyone who calls Saskatchewan home.

We are committed to accountability and to ensuring that we deliver on our commitments. A significant number of commitments have already been made to Saskatchewan people in 2007-08 in the election platform, the Throne Speech and in the public Minister's Mandate letters. This report will provide progress on those commitments as they relate to this Ministry as of March 31, 2008. We look forward to furthering our commitment to improved accountability as 2008-09 progresses.

Honourable D. Wayne Elhard
Minister of Highways and Infrastructure

Dear Sir:

I have the honour of submitting the Annual Report of the Ministry of Highways and Infrastructure for the fiscal year ending March 31, 2008.

The November 2007 election resulted in a new administration for the Province of Saskatchewan and of course the Ministry of Highways and Infrastructure. I am pleased to report the transition period has been invigorating for the Ministry with new and innovative ways of investing in infrastructure being introduced and successfully acted upon.

John Law
Deputy Minister of Highways and Infrastructure

Introduction

Since the election of a new government in November 2007, the organizational structure of many Ministries has been realigned to meet the mandate of the government's new direction. The Ministry of Highways and Infrastructure's organizational structure was not significantly affected by the new mandate. This report is being prepared at a time of transition to the new government's agenda and reports on key public commitments made during 2007-08 with a focus on commitments made by the new government since November 2007.

For the purposes of this report, progress has been reported by aligning key commitments with the Ministry's organizational structure as of March 31, 2008. This includes key actions and performance measures that were published in 2007-08, but also includes the new government's commitments since November, including the expectations set out in the Minister's Mandate letter, the Throne Speech and other key public commitments. Progress will be reported as of March 31, 2008 on all of these actions and commitments.

Further information about the Ministry's key programs and this report can be found on the Ministry's website at: www.highways.gov.sk.ca.

Ministry Overview

Ministry Mandate

The mandate of Highways and Infrastructure is to optimize Transportation's contribution to the economic and social development of Saskatchewan by operating, preserving and guiding the development of the provincial transportation system and enhancing provincial transportation system assets.

Transportation is critical in shaping Saskatchewan, Western Canadian and national economic health and quality of life. Not only does the transportation system provide for the mobility of people and goods, it also influences patterns of growth and economic activity by providing access to land and resources.

Consistent with the transportation policy objectives of the government, the Ministry is focusing on strategic investments in safe and sustainable transportation infrastructure to ensure the growth of our economy with emphasis on partnerships with First Nations communities and municipalities. Saskatchewan's transportation needs are multimodal in nature, and impact on public policy in relation to economic development, social equity, urban expansion, air and rail access for rural Saskatchewan, safety, the environment, resource extraction and land use – all identified as priorities for the government.

Saskatchewan's road network consists of 26,072 km of highways, including 9,249 km of asphalt concrete pavements, 4,929 km of granular pavements, 6,102 km of thin membrane surface (TMS) highways, 5,621 km of gravel highways and 171 km of ice roads.

As of March 31, 2008, the Ministry had 1,655 FTEs stationed in 101 Saskatchewan communities. Ministry crews are responsible for most surface repair activities like crack filling, sealing and patching. They provide snow and ice control, pavement marking and gravel location services. Ministry crews also repair and replace signs and most small bridge and drainage structures, and operate the Saskatchewan River ferries, the Wollaston Lake barge and the 17 northern airports.

Responsibilities for carrying out the Ministry's mandate are distributed among the Ministry's three divisions, plus Communications Branch.

Through its Operations Division, the Ministry is responsible for managing the province's 26,072 km of highways, 805 bridges, 453 large culverts, 12 ferries and 17 northern airports. This includes delivering preservation and operating programs for these assets. All design and construction activities for contracted preservation and capital projects, as well as operational and maintenance programs, are managed by Operations Division.

Policy and Programs Division works with other jurisdictions, First Nations, industry stakeholders and shippers to ensure consistency within legislative and regulatory frameworks. This encourages efficiency and effectiveness throughout the system and among the transportation modes of road, rail, air and marine. Policy and Programs Division is responsible for developing the policy and programs that are implemented by the Ministry. The Ministry also promotes efficiency and competition among transportation modes through its trucking programs, short line advisory services and capital assistance programs for municipal airports.

Corporate Services Division provides planning, budgeting, performance management, enterprise risk management co-ordination, technical and administrative services related to the acquisition management and disposition of properties, financial, accounting, forecasting and business systems support, including geographical information systems, to the Ministry. Communications Branch is responsible for strategic communications, education and awareness programs aimed at promoting public and Ministry worker safety.

Minister's Mandate

In November 2007 the new Minister of Highways and Infrastructure was given a mandate to accomplish progress over four years in the following areas:

- Ensure all of the fuel tax collected in the province is dedicated to highways, roads and transportation infrastructure;
- Establish a rolling five-year plan for the province's road construction and maintenance program to improve the safety of the province's highways and invest in infrastructure that supports economic growth;
- Place an emphasis on quality construction and the implementation of new highway construction technology designed to meet the demands of Saskatchewan's climate and large scale truck traffic;
- Negotiate with the federal government to increase federal funding for road, highway and infrastructure investment;
- Develop a Transportation Centre of Excellence through a partnership between the Ministry of Highways and Infrastructure and the province's post-secondary institutions;
- Deliver on our government's commitment to dedicate $140 million in proceeds from the NDP government's privatization of the New Grade Upgrader to improve municipal road and highway infrastructure over the next four years.

Progress in 2007-08

A New Government Direction – Growth, Security and Promises

This portion of the report provides results since the election of the new government in November 2007 related to the new government's strategic priorities: growth, security and promises as presented in the Minister's Mandate letter, the December Throne Speech and other key government commitments.

A major part of the Ministry's growth strategy is a renewed focus on rural roads that are key to our economic prosperity. The Ministry's strategy aims to align the transportation system with our most important opportunities and challenges in the global economy and supply chain. We have established a new method for prioritizing highway capital projects that incorporates a region's economic and tourism potential and the availability of willing partners to collaborate on upgrading initiatives. To enhance public safety and make our roads safer and more secure for the traveling public, we continue to enhance our preservation program. This is also evident with our record budget for preservation in 2008-09. The Ministry is committed to return our province to a position of prominence in Canada's transportation system.

The Ministry has established a multi-year plan based on:

- Economic analysis;
- A five-year rolling capital plan;
- A Transportation Centre of Excellence;
- Partnerships with the federal government; and
- Supporting government priorities.

Since the November 2007 election the Ministry has made progress on significant commitments. The following commitments come directly from the Minister's Mandate letter. This letter can be found at http://www.gov.sk.ca/cabinet/elhard/.

Minister's Mandate Letter, November 2007:

Commit $1.8 billion over four years to rebuild Saskatchewan's highways and transportation infrastructure

- The Ministry has developed a transportation strategy that is supported through an investment of over $2 billion.
- Budget 2008-09 positions government to exceed its four-year funding commitment to transportation infrastructure by $250 million.

Ensure all of the fuel tax collected in the province is dedicated to highways, roads and transportation infrastructure

- The 2008-09 budget of $513 million dedicates the equivalent of 150 per cent of the $413 million on-road fuel tax revenues to highways, roads and transportation infrastructure. This is an increase from 120 per cent of 2007-08 budget to on-road fuel tax revenue.

Establish a rolling five-year plan for the province's road construction and maintenance program to improve safety of the province's highways and invest in infrastructure that supports economic growth

- The Ministry has completed and publicly released the first two years of the five-year rolling capital plan. The remaining three years of the five-year rolling capital plan are currently being developed and refined by the Ministry.

Place an emphasis on quality construction and the implementation of new highway construction technology designed to meet the demands of Saskatchewan's climate and large scale truck traffic

- The Ministry is committed to work with the Transportation Centre of Excellence to implement new construction technologies to meet the provincial demands.
- The Ministry is committed to organizational excellence by improving efficiencies through implementation of quality and project management systems.

Negotiate with the federal government to increase federal funding for road, highway and infrastructure investment

- The Building Canada Plan framework agreement with the federal government has been signed which will result in direct investment of $635.44 million in Saskatchewan over seven years, as well as additional merit-based funding.
- The Ministry continues ongoing discussions with the federal government to finalize contribution agreements for the base funding and Building Canada Fund–Community Components programs, as well as project agreements for the Lewvan Drive Interchange and the Regina Region Intermodal Facility. Direct discussions with the City of Regina are ongoing regarding IPSCO place.

Develop a Transportation Centre of Excellence created through a partnership between the Ministry and the province's post-secondary institutions

- The Ministry has entered into discussions with the Universities of Saskatchewan and Regina to develop in partnership a Transportation Centre of Excellence.

Deliver on our government's commitment to dedicate $140 million over four years to municipal road and highway infrastructure from the proceeds of the New Grade Upgrader

- The Ministry received approval to accelerate expenditures of $140 million from the New Grade Upgrader sale proceeds from four years to two years.
- $70 million from the sale proceeds of the New Grade Upgrader will be dedicated to municipal road and highway infrastructure in 2008-09, positioning the government to accelerate this commitment by two years.
- $35 million of this will be invested in long-term projects to position us for future economic growth, such as the Regina Region Intermodal Project, infrastructure to support the development of canola crushing plants near Yorkton and new interchanges at Swift Current and Regina.
- The remainder will be invested to develop primary weight corridors in support of the Rural Highway Strategy, such as Highway 26 near St. Walburg, Highway 3 and 303 west of Glaslyn, Highway 37 in the Gull Lake area and Highway 8 in the southeast.

December 2007 Speech from the Throne:

Investing in the future

- The $513 million 2008-09 budget is the highest in history. This includes $225 million in capital investments to assist the infrastructure needs to meet the unprecedented growth currently facing Saskatchewan.

Progress by Key Program

The key actions originally presented in our 2007-08 Plan are provided below, organized by key program within each Vote. Actual results information is included for all key actions and performance measures that were published in the 2007-08 Performance Plan.

The Ministry provides its core programs and services through the following program areas:

1. Operation of Transportation System – Includes the safe access and operation of the transportation system through the delivery of a range of services.
2. Preservation of Transportation System – Includes preventative maintenance on provincial highways and bridges.
3. Infrastructure Enhancements – Includes new construction or upgrading of provincial highways and bridges and other infrastructure capital.
4. Transportation Policy – Provides for transportation policy and program development.
5. Strategic Municipal Roads – Includes partnership initiatives that facilitate traffic management on the provincial transportation system.
6. Central Management and Services – Includes executive direction and centrally managed services for the core business activities of the Ministry.

1. Operation of Transportation System

Objective

To provide for the safe access and operation of the transportation system and to ensure an appropriate level of service is derived from the transportation network.

Program Delivery

This program provides for the safe access and operation of the transportation system through the delivery of a range of services including pavement marking, signing, lighting, mowing, winter snow and ice control, ferry and airport operations, information technology management and systems support and compliance with transportation laws. It also provides related operational services such as engineering standards, traffic engineering and testing services. This program ensures that the Ministry operates the transportation system properly to ensure a safe and efficient transportation system.

Key Results

Provide seven days per week, 98 per cent reliable airport services at the 17 provincial airports

- The Ministry achieved 99.6 per cent reliable airport services at the 17 provincial airports.

Provide seven days per week, 98 per cent reliable ferry crossing service on the provincial highway system

- The Ministry achieved 98.8 per cent reliable service in the 2007 operating season.

Use weight- and safety-focused enforcement blitzes on rural highways that have significant truck traffic

- Transport Compliance Branch conducted 42 weight- and safety-focused blitzes at various scales and pull out stations throughout the province.

Enter into weight compliance agreements with companies that have non-compliance tendencies to jointly monitor weights of trucks operating for the company

- Transport Investigations Unit with the Transport Compliance Branch has entered into seven weight compliance agreements with companies.

Continue with the accreditation process through the Commission on Accreditation for Law Enforcement Agencies (CALEA) to ensure policies and practices are congruent with the best practices in law enforcement

- The Ministry completed 420 out of 446 standards associated with CALEA accreditation process. An on-site mock assessment was completed May 9-14, 2007. The assessment was used to gain feedback from certified CALEA assessors on Transport Compliance Branch's (TCB) readiness for a full accreditation assessment. Gaps identified are being worked on and TCB is confident it will be ready for a full assessment and accreditation by the end of fiscal year 2008-09.

Continue to use emerging Remote Vehicle Inspection Station technology to target carriers for weight violations

- Transport Investigations Unit with the Transport Compliance Branch conducted 52 weight investigations that resulted in 58 charges issued.

Provide reliable Highway Hotline services with less than 10 hours of total downtime between November 1 and April 1

- The Ministry's Road Information Service including the Road Condition Information on the website and the Interactive Voice Response (IVR) ran uninterrupted for the period November 1, 2007 to April 1, 2008.

Deliver the annual Orange Zone safety campaign

- The Orange Zone safety campaign was delivered through print, radio and television ads that ran from May to September. The purpose of this media campaign is to inform the public regarding the Ministry's spring and summer maintenance funding and strategy to mitigate damage to the highway system caused by excessive moisture and flooding; as well as to remind motorists to slow to 60 km in the construction Orange Zone when passing highway workers.

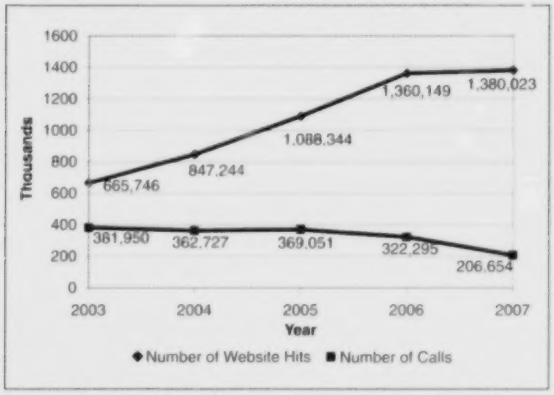
Deliver the annual Snow Zone safety campaign

- The Snow Zone safety campaign was delivered through print, radio and television ads that ran from December to March. The goals of the Snow Zone Safety campaign were to inform motorists about the levels of service targets for winter maintenance on Saskatchewan highways, to

inform and educate the public about driving with caution around snowplow trucks and to remind motorists to check the Highway Hotline for up-to-date road conditions before they head out.

Measurement Results

Number of calls and website hits to the Highway Hotline



Data Source: Ministry of Highways and Infrastructure; Transport Compliance Branch

The Highway Hotline provides information about the transportation system to the traveling public, business and industry. Motorists can access the hotline through the Ministry's website. The information provided most frequently applies to highway driving conditions, both summer and winter. Other information, such as weight restrictions, ferry information and clearances of bridges and structures, is also available.

The Ministry saw a slight increase in website hits to the Highway Hotline information with 1,380,023 website hits. The number of calls to the Highway Hotline dropped to 206,654 in 2007. The number of calls and website hits to the Highway Hotline are indicators of public awareness of this service. By increasing awareness of highway conditions, highway users can make informed decisions on travel, resulting in safer travel and reduced accident and injury rates.

The Ministry is able to influence the profile of the Highway Hotline by promoting it through major media campaigns, such as Snow Zone, and public relations activities. The Ministry is responsible for regularly updating road condition information on the hotline to keep it relevant, which will attract repeat calls or website visits. However, the Ministry has little influence over whether or not people choose to take precautions as a result of consulting the hotline.

Key Results

Participate in the Operation Air Brake campaign as part of an international effort to reduce brake defects in commercial vehicles

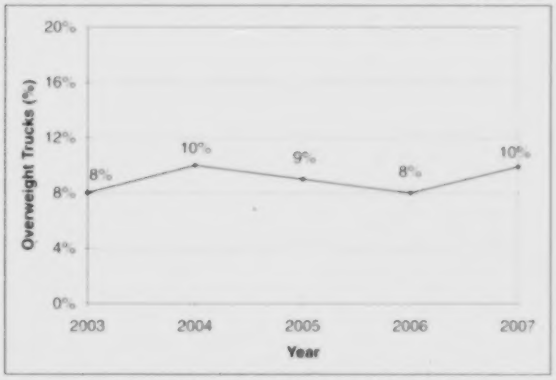
- The Ministry participated in Operation Air Brake on May 2, 2007. The blitz was held at Moosomin, Langham and Melfort. The Ministry inspected 270 units with 4.1 per cent placed out of service for their brakes being out of adjustment.

Participate in Roadcheck, an annual international safety inspection event and conduct training and enforcement activities to increase commercial vehicle safety and regulatory compliance

- The Ministry participated in Roadcheck on June 5-6, 2007. The blitz was held at the Swift Current and Macklin scales. Multiple agencies such as Alberta Infrastructure and Transportation and SGI participated in the TCB-led event. The Ministry inspected 459 trucks with 12 per cent of the trucks being placed out of service and three per cent of the drivers being placed out of service.

Measurement Results

Per cent of overweight trucks on the highway system



Data Source: Ministry of Highways and Infrastructure; Transport Compliance Branch

Truck traffic continues to increase on the highway system. A certain percentage of these trucks will be overweight and cause more damage to the highway system. This performance measure allows the Ministry to monitor the effectiveness of its policies and enforcement actions in reducing the number of overweight vehicles.

A random sampling process has been developed to monitor the per cent of overweight vehicles. The performance measure is calculated by dividing the number of overweight vehicles identified at random inspections by the number of total vehicles inspected during the same random inspections. While this does not provide a statistically valid representation for the entire province, it will allow progress to be monitored in a cost-effective manner.

In 2007-08, 10 per cent of the trucks on the provincial highway system were overweight. This result is not considered to be significantly different from the previous year. Variances of one or two per cent in any given year are indications of a strong enforcement presence. As more data is gathered, the trend line will provide an indication of whether changes are part of a long-term trend or caused by inherent variability in the random sampling process.

The Ministry has a high level of influence over this performance measure. It can increase its weight compliance activities by increasing transport compliance resources, combined with shipper liability legislation. An increased weight compliance presence on the provincial highway system should decrease the amount of overweight vehicles because there is a higher chance overweight carriers will be caught. Transport Compliance Branch continues to develop strategies that, over the long term, will decrease the non-compliance rate. Strategies include a balance between weight, dimension, safety, registration, licensing, enforcement and education efforts.

Measurement Results

Ratio of partnership trucking fleet collision rate compared to the Saskatchewan commercial trucking fleet	*1: 8.27*

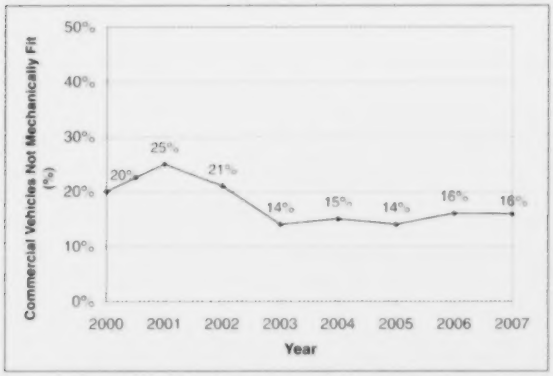
This measure compares the collision rate of trucks that take part in the Ministry's Transportation Partnership Program (TPP) to the rate of the regular Saskatchewan commercial fleet. The Ministry sets higher operating standards and requirements for trucks operating under partnership agreements than the average truck on the provincial highway system. This measure assists in monitoring the effectiveness of the TPP standards in promoting truck safety and reducing collisions, which help increase transportation efficiency.

In 2006, trucks under the TPP were involved in one collision for every eight when compared with the Saskatchewan commercial trucking fleet.This is the first year this measure has been used. Previously the TPP collision rate was compared to the Canadian average. This is a more meaningful comparison.

The Ministry relies on data from SGI to calculate this measure, and there is always a one-year time lag. The Ministry cannot influence the provincial commercial trucking collision rate. However, the Ministry develops the standards and policies required for vehicles and operators involved in the TPP. The Ministry monitors and enforces these policies and standards to ensure compliance in the TPP focuses on commercial vehicle safety and operator competence allowing their trucks to operate as safely as possible.

Measurement Results

Per cent of commercial vehicles inspected that are not mechanically fit and have been placed out of service



Data Source: Ministry of Highways and Infrastructure; Transport Compliance Branch

This measure provides an indication of the success of the Ministry's safety communications messaging and enforcement efforts by monitoring the change in commercial vehicle safety rates. Using the results of the Commercial Vehicle Safety Association (CVSA) inspections, it measures the per cent of commercial vehicles that are not mechanically fit and are still operating on the highway system.

In 2007-08, 16 per cent of vehicles inspected through CVSA inspections and the Roadcheck event were not mechanically fit and placed out of service. This result is consistent with the previous year. The long-term trend suggests that the Ministry's education and safety compliance efforts are reducing the number of unsafe commercial vehicles operating on the provincial highway system.

The Ministry has some influence over this performance measure by increasing transport compliance resources, increasing the effectiveness of communication and focusing efforts on commercial vehicle safety inspections. These activities, in conjunction with weight compliance activities, enhance the importance and profile of commercial vehicle safety for Saskatchewan carriers, which should help reduce the number of unsafe trucks on the provincial highway system.

Key Results

Enhance legislation, policy, standards and practices related to road sign design, traffic operations, traffic guidance, work zone and road side development

- The Ministry completed 17 projects and an additional 14 projects were significantly completed (80-95 per cent) resulting in revisions and development of new design and traffic operations policies, standards, practices and training. Some significant projects included revisions to regulations pertaining to Roadside Development and Private Signing and the continued writing of Saskatchewan geometric design guidance for incorporation in the national Geometric Design Guide for Canadian Roads.

Continue to deliver the traffic signing safety program by replacing 8,300 single and double post regulatory, warning, guide and information signs in poor condition

- A total of 7,722 single and multi-post regulatory, warning and guide signs were replaced in 2007-08. Other Ministry signing initiatives (community courtesy signs, major surface defect signs and project signing) reduced delivery of the noted signing component. Hiring and training of new staff reduced available delivery timeframes by two weeks.

Deliver the traffic safety pavement marking program by completing 21,600 km of centreline marking and 27,890 km of edgeline markings on the surfaced system

- The Ministry completed 20,993 km of centreline and 30,011 km of edgeline. The variance for centreline was 607 km. This was a result of an assessment of 700 km that would normally get a second coat but it was determined that the second coat was not required. Good weather plus crew cost efficiency allowed 2,121 km of additional deficient edgeline to be painted.

Complete five Phase 2 environmental studies to determine and commence environmental remedial actions at Ministry salt storage yards (note: Phase 1 assessments have been completed)

- The Ministry completed eight Phase 2 studies. The increase in Phase 2 studies was the result of not being required to complete Phase 3 studies on the storage sites

Prepare and submit environmental monitoring reports as required by the federal Department of Fisheries and Oceans and other provincial or federal agencies

- The Ministry prepared and submitted six reports resulting in 100 per cent compliance.

Monitor success of implementing the Ministry's Road Salt Management Plan

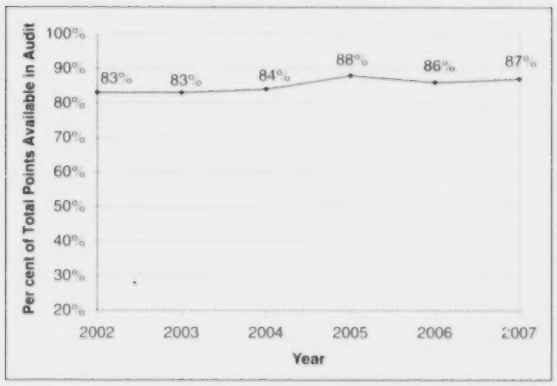
- The Ministry implemented the following: calibration of all automated spreader control systems on the winter snowplow fleet, trial use of pavement temperature sensor data for determining salt application rates and continued training of operational staff in the principles of effective salt management.

Undertake workplace safety audits

- The Ministry conducted 112 workplace safety inspections.

Measurement Results

Yearly average results of contractor traffic accommodation work zone audits



Data Source: Ministry of Highways and Infrastructure; Engineering Standards Branch

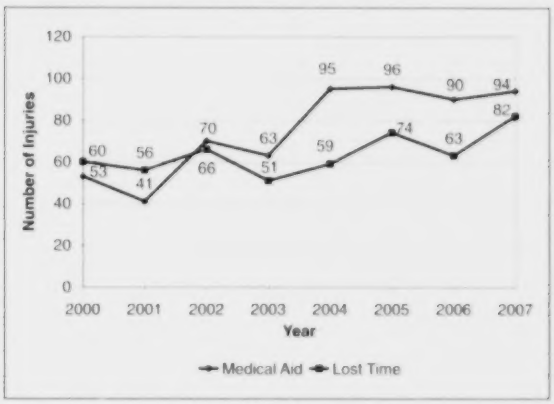
This measures the effectiveness of Ministry staff and contractors in providing a safe work zone. A higher annual work zone average indicates that the Ministry and contractors are doing a better job of ensuring work zones are safe for workers and motorists. Increased compliance with standard traffic control measures in work zones will reduce the number of traffic accidents in work zones and protect highway workers.

In 2007-08, the yearly average for a work zone audit was 86.6 per cent. The Ministry has a high level of influence in this performance measure. The Ministry develops the contractor specifications, which stipulate the work zone traffic accommodation requirements. While the contractor is responsible for traffic accommodation in the work zone, the Ministry generally has a representative on each construction site to enforce the work zone traffic accommodation requirements.

There are many factors like weather, driver behaviour and driver alcohol use that are beyond the Ministry's control but influence work zone traffic safety. The Ministry's standards and procedures for maintaining safe work zones will reduce the risk that work zone accidents will occur and mitigate the impact of any incidents that do occur.

Measurement Results

Number and severity of at-work injuries



Data Source: Ministry of Highways and Infrastructure; Occupational Health and Safety Statistics

Medical aid accidents are those in which the employee required medical aid after the accident and returned to work on the next shift. Lost time accidents are accidents in which the injured employee was required to visit a health practitioner and was not able to return to work on the next shift.

In 2007-08 there were 94 medical aid accidents and 82 lost time accidents, which was 4 and 19 more than the previous year.

The Ministry's safety programs and policies influence the number of accidents, but there can be significant annual variations. The Ministry has instituted enhanced occupational health and safety policies, which increased awareness among staff for reporting medical aid accidents. The Ministry also has an aging workforce, which contributes to an increase in the number of reported back and muscle strains/injuries.

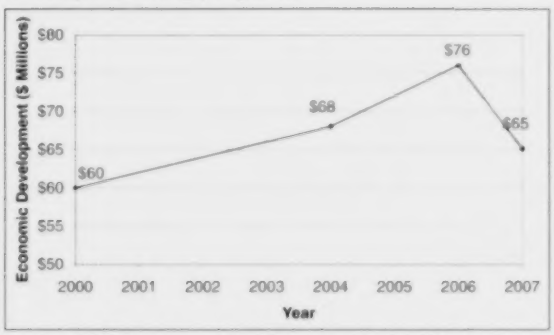
Key Results

Continue to work with participants in the Transportation Partnership Program (TPP) for improved safety

- Ministry officials participated in three field inspections of truck equipment operating under the TPP program and performed five safety and compliance audits of TPP companies' performance and 10 safety audits of companies wishing to enter into a Transportation Partnership Agreement.

Measurement Result

Value of economic development generated by the Ministry's trucking programs



Data Source: Ministry of Highways and Infrastructure; Trucking Programs

This measure gauges the benefit to the provincial economy of trucking partnership agreements, which increased transportation efficiency for carriers and shippers participating in the TPP. Increased efficiency reduces trucking costs and makes Saskatchewan companies more competitive in the global marketplace.

The measure quantifies the savings in freight cost for partners in the trucking programs, which reduces their input costs and allows them to be more competitive. The baseline, which is $60 million, and methodology for this measure were documented in a July 2000 study of the TPP. In 2007, the benefits of the program were found to be $65 million annually.

The Ministry influences this performance measure because it develops the weight regime and policy framework for the TPP and markets the TPP to potential participants. If the policy framework is compatible with the needs of Saskatchewan shippers and carriers, more trucking partnerships can be developed, increasing the amount of savings for our partners.

2. Preservation of Transportation System

Objective

To provide the preservation and preventative maintenance works required to protect the public's investment and provide an appropriate level of service from the transportation network.

Program Delivery

This program provides preventative maintenance on highways and bridges. It provides delivery, planning, engineering and management of the preservation and capital construction programs. It also includes road and bridge engineering services for municipalities and support for area transportation planning on a regional basis. The preservation of the transportation system is vital to ensure that the level of investment and level of service coincide with a growing economy.

Key Results

Invest more than $8 million to maintain gravel roads in the Northern Administration District

- The Ministry invested $10.5 million to maintain gravel roads in the Northern Administration District. Additional expenditure resulted from the following: clay stabilization of 10 km on Highway 903 north of Meadow Lake (value $1.04 million), additional maintenance effort required due to wet spring conditions and increased cost of gravel aggregate and calcium chloride.

Resurface 270 km of paved highway

- The Ministry resurfaced 160 km of paved highway with 74 km on the National Highway System (NHS) and 86 km on rural highways. In addition the Ministry completed 69 km of paved highway from work in progress from 2006-07, with 47 km resurfaced on the NHS and 22 km resurfaced on rural highways. In total the Ministry resurfaced 229 km of paved highways.

Measurement Results

Per cent of National Highway System and Rural Economic Corridors in "good" condition	*NHS: 94%* *REC: 73%*

By measuring the networks in "good" condition, the Ministry will show progress toward the desired result of maintaining or improving the surface condition of paved surfaces on the National Highway System and Rural Economic Corridors. The Ministry has utilized a similar measure in the past; however, a change in terminology from the principal and regional highway system to the National Highway System and Rural Economic Corridors (REC) has resulted in a new baseline in 2007-08.

In 2007-08, 94 per cent of the National Highway System and 73 per cent of Rural Economic Corridors were in "good" condition.

To determine if pavement is in good condition, the Ministry uses a combined measurement of the road's rutting and ride, which is based on measurements and analysis conducted by the Ministry. On pavements rated "good", the road user would experience a smooth, comfortable ride with minimal ponded water in the wheel paths.

Factors like contractor progress, fluctuating input costs and the length of the construction season are outside the Ministry's control, but influence the results of this measure.

Measurement Result

Per cent of kilometres resurfaced on the National Highway System to meet the targeted life cycle	4.48%

This measure demonstrates the province's ability to effectively manage the National Highway System on a long-term life cycle basis. Timely preventative maintenance will extend the life of a pavement and minimize the life cycle costs. Preventative maintenance treatments fix rutting and surface conditions and prolong the life of the highway by extending the length of time before a more expensive and extensive resurfacing is required.

In 2007-08, the Ministry rehabilitated 4.48 per cent of the NHS to meet the targeted life cycle. The NHS is made up of 2,700 km of roads that link Saskatchewan to regional, national and international economies and markets. The Ministry resurfaced 74 km of the NHS in 2007-08 as well as 47 km of work in progress from 2006-07. The definition of the NHS changed in 2006, requiring the Ministry to provide a new baseline this year.

It is important to note that the decision to resurface a highway is driven by surface condition not pavement age. Prudent infrastructure management dictates that there should always be some pavements beyond the expected life of a pavement if environmental, traffic and material characteristics allow a pavement to perform better than expected. The Ministry is currently reviewing its preservation policy to meet the needs of the province.

Although the Ministry develops the provincial highway improvement strategy, this strategy is affected by a number of factors outside the Ministry's control. These factors include weather and environmental considerations. Within this context, the Ministry strives to develop a provincial highway improvement strategy that maximizes the benefits of all expenditures and works toward providing a safe, efficient transportation system.

Key Results

Complete major rehabilitations on four bridges

- The Ministry completed rehabilitations on six bridges.
- Two additional bridges were rehabilitated due to public safety concerns.

Continue with the Ministry's bridge and large culvert inspection and replacement strategy by inspecting 50 per cent of the inventory annually and replacing 19 bridges/structures

- The Ministry inspected 50 per cent of the bridge inventory and replaced 12 bridges. Two projects were deferred due to regulatory issues; two projects were deferred to coincide with roadwork; one project was deferred due to bridge crew capacity; and two projects were deferred to manage within budget allocation.

3. Infrastructure Enhancements

Objective

To provide for new construction or upgrading of highways, bridges and other transportation infrastructure capital.

Program Delivery

This program provides for new construction or upgrading of provincial highways and bridges and other transportation infrastructure capital by utilizing in-house and contracted resources. It also provides for municipal partnerships in the reconstruction of provincial highways. This program contributes to the economic growth of the province and ensures proper upgrades and investments in key economic corridors.

Key Results

Complete twinning on Highway 1 east and Highway 16 west

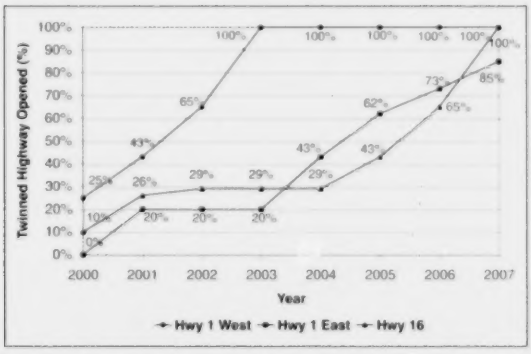
- **Highway 1:** The Ministry completed twining on Highway 1 east with the exception of a section near and around Moosomin, which will be completed in 2008.
- **Highway 16:** Twinning on Highway 16 was completed with the exception of grading and paving at Lloydminster (1.63 km).

Complete the twinning of Highway 11 from north of Warman to north of Osler

- Significant work was completed on Highway 11 from north of Warman to north of Osler and opened to traffic on November 6, 2007. Work in progress includes shoulder paving and work at Osler to be completed in 2008.

Measurement Results

Cumulative per cent of twinned highway opened to traffic



Data Source: Ministry of Highways and Infrastructure; Corporate Support Branch

The cumulative percentage of twinned highway opened to traffic is an indicator of progress in delivering our twinning commitments. When a portion of twinning for a corridor opens to traffic, it contributes to the cumulative percentage opened for that corridor. The performance measure is calculated by dividing the cumulative length opened for traffic for each corridor by the length to be completed for each corridor. When the twinning on a corridor is completed, its cumulative percentage opened to traffic is 100 per cent.

In 1997, the province committed to complete twinning of Highway 1 and 16 between North Battleford and Lloydminster on these specific timelines:

- Highway 1 west (108 km) complete in 2008;
- Highway 16 west (103 km) complete in 2010; and
- Highway 1 east (168 km) complete in 2012.

In 2001-02, the province committed to accelerate the twinning of Highway 1 west so it would be completed in 2004. On March 5, 2003 the province and federal government announced a funding partnership that would complete twinning as follows:

- Highway 1 west in 2003 (now completed);
- Highway 16 between North Battleford and Lloydminster in 2007; and
- Highway 1 east in 2007.

For 2007-08:

- Twinning of Highway 16 was completed in 2007-08 except for a section through Lloydminster;
- Twinning of Highway 1 was completed in 2007-08 except the section around Moosomin, which will be completed in 2008-09; and
- Significant work was completed on Highway 11 from north of Warman to north of Osler and was opened to traffic on November 6, 2007.

The Ministry has a high level of influence over this performance measure because it is responsible to develop a schedule that will complete the twinning within the identified time frame. Weather and contractor progress can, however, influence performance results in any given year.

Key Results

Upgrade the Highway 219 investment corridor by grading and paving 10 km from Saskatoon to Beaver Creek

- Planned work was completed in the fall of 2007. In addition to the work completed, a partnership has been entered into with Dakota Whitecap First Nation to advance a 14 km grading and paving project from Dakota Whitecap First Nation to Beaver Creek. The advanced work is planned to be accomplished in July 2008.

Upgrade 60 km of rural corridors

- Completed 24 km on Highways 8, 21 and 45. Due to project staging by contractors, the remaining 36 km on Highways 8, 13 and 26 will be completed in 2008. Work in progress from previous years resulted in an additional nine kilometres of upgrades completed.

Advance the expansion of the primary weights road system

- Opened 12 km of primary weight highway in 2007-08.

Measurement Results

Cumulative per cent of primary weight expansion completed	*41%*

Expanding the primary weight network in Saskatchewan is a key component of the Rural Highway Strategy and for a competitive provincial economy. Having access to a primary weight highway network is a significant efficiency gain for many businesses. An expanded primary weight system will also support existing economic activities, encouraging further development in these rural areas. Beyond cost savings to producers and shippers, concentrated truck haul on primary weight corridors will reduce pressure on other rural highways, and fewer truck journeys result in lower levels of greenhouse gas emissions.

This measure indicates progress on the Ministry's plan to increase the amount of highways available at primary weights. In July 2006, the Ministry implemented the first phase of primary weight expansion by allowing 1,190 km of highways to haul primary weights for nine months of the year, adding to the nearly 8,400 km of regulated primary weight highways in the province. In 2007-08, the

Ministry upgraded 12 km of primary weight highway. The Ministry has a relatively high level of influence over this measure. Phase 1 of the expansion was completed in fiscal 2006-07. The Ministry is responsible for developing the schedule to complete the Phase 2 upgrades to primary weights, but progress is determined by a number of factors including funding levels, weather and contractor capacity. The Ministry has a Rural Highway Strategy and new policy for prioritization of upgrading highways to primary weight.

Key Results

Continue with the Strategic Partnership Program (SPP) to complete 18 km of TMS strengthening and pavement upgrades in partnership with municipalities

- The Ministry completed 16.27 km of SPP work in 2007-08. A minor amount of work is in progress to be completed in 2008.

Develop and complete road safety improvement projects through the annual Safety Improvement Program, including an acceleration lane on Highway 1 near Balgonie and a turning lane on Highway 10 south of Lloydminster

- The Ministry completed 48 road safety projects through the Safety Improvement Program, including a turning lane on Highway 17 south of Lloydminster. Partnership Agreements with Saskatchewan Government Insurance (SGI) were taken for three road safety projects and a framework was established for annual partnering with SGI on road safety projects. Several projects were added for completion in 2007-08, mainly due to partnerships with rural and urban municipalities, such as shoulder rumble strip and guardrail projects.

Advance work on Highway 302

- The Ministry advanced work on Highway 302 for emergency repairs due to a landslide. The first seal of pavement was completed in the fall of 2007 and was opened to traffic. The second seal will be complete in 2008.

Continue to work on the Garson Lake Road (Highway 956) as part of the link to Fort McMurray, Alberta

- The Ministry invested $1.7 million in 2007 to upgrade 18 km of the Garson Lake Road.

Continue to work on Athabasca Basin Roads, including Highway 905 and the access road into Wollaston Lake Highway 955

- The Ministry hired a consultant to work on the Environmental Impact Assessment for Highway 905 (work is in progress). The Ministry received environmental approval to proceed with the work on Highway 995; 37.5 km was cleared in 2007-08 at a cost of $0.7 million.

Construct improvement projects on economic corridors and community access roads, including Highway 106, Highway 155 in the Beauval area and Highway 918 in the Ptuanak area

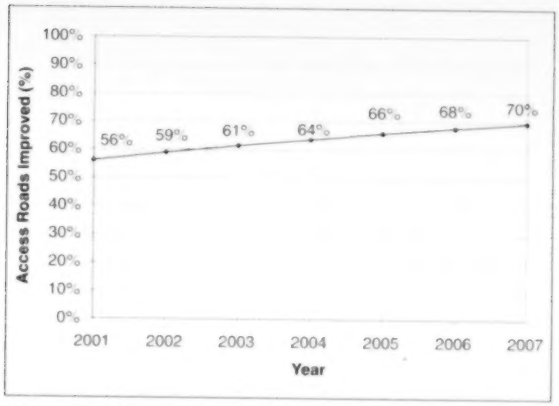
- Aggregate was processed for the improvements on Highway 106 near Puskwakau River in northern Saskatchewan; six kilometres was surfaced on Highway 918 near Ptuanak at a cost of $0.7 million. Paving projects on Highway 106 and 155 were deferred to 2008 due to contractor capacity.
- Additionally, the Ministry completed six kilometres of paving on Highway 907 at Ile-a-la-Crosse and nine kilometres of grading on Highway 911 (Deschambault Lake to Jct. Hwy. 106).

Continue grading and paving on roads leading to Shoal Lake and Red Earth First Nations

- In 2008, the Ministry will complete five kilometres of grading that was planned for this year on the Red Earth Access Road. The Ministry completed 16 km of grading on Highway 55 from Smoky Burn to 18 km east, with the remainder (1.4 km) to be completed in 2008.

Measurement Results

Cumulative per cent of northern community access roads improved



Data Source: Ministry of Highways and Infrastructure, Northern Region

A northern community access road is defined as any road that provides access to a northern community, regardless of the road's length. Improvements include roads that are rehabilitated or upgraded. In 2001, the Ministry identified 1,130 km of northern provincial highways as northern community access roads. Improved access road is defined as any community access road that has been rehabilitated or upgraded to meet modern design standards.

As of 2007-08, 70 per cent of northern community access roads have been improved. This improvement is a direct result of the Ministry upgrading 21 km of northern community access roads.

The Ministry has a high level of influence over this performance measure because it is responsible for developing a capital investment program that supports its goals and objectives within the overall budget. Weather and contractor progress can influence performance results in any given year.

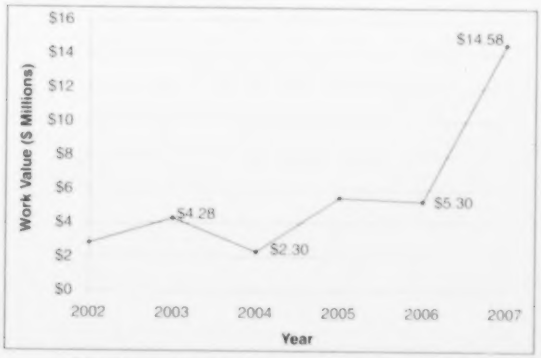
Key Results

Continue improvements on access roads to Big River (Cry Road), Witchekan Lake, Onion Lake, and the Fort Qu'Appelle All Nations Healing Hospital

- The Ministry completed grading on the access road to Big River with surfacing to be completed in 2008-09. Grading and paving was completed on the Fort Qu'Appelle All Nations Healing Hospital access road this fiscal year. Grading and paving contracts have been tendered and awarded for the Witchekan Lake First Nation access road project. Grading work was started this year with the completion of the grading and paving expected to be complete next year. An in-year announcement added Mistawasis to the list of First Nations Access Roads operating projects. The draft location plan has been completed for the Mistawasis project. Some engineering work on Onion Lake access road was completed this year. A preliminary memorandum of understanding (MOU) has also been signed with Ahlahkakoop. The project is subject to further review of the First Nation Access program.

Measurement Results

Value of work completed by northern contractors/communities



Data Source: Ministry of Highways and Infrastructure, Northern Region

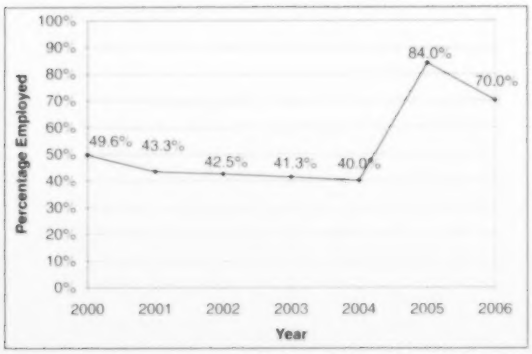
In 2007-08, $14.6 million of work was delivered by northern contractors in the Northern Administrative District (NAD). The significant increase is the result of an increase in amount of work done in the NAD.

This measures the dollar value of work delivered by northern contractors in the Northern Administration

District. A northern contractor is defined as any company with a base operation in the NAD employing residents in the NAD. Contract work includes both small and large scale jobs. Northern communities that complete contract work for the Ministry are also considered contractors. The value of the contract is the amount paid to the contractor and does not include items such as materials.

Measurement Results

Per cent of northern residents employed by contractors on Ministry construction projects in northern Saskatchewan



Data Source: Ministry of Highways and Infrastructure; Engineering Standards Branch

Specifying a minimum target for northern residents employed on northern construction projects provides additional economic development opportunities in northern Saskatchewan. The resulting increase in northern employment will also improve living conditions. Pay rates are to be commensurate with those for other employees doing similar work with similar experience.

The northern contracting/employment initiative was re-started in the late 1990s. Initial target levels were 20 to 50 per cent, depending on work type, with long-term targets set at 65 to 70 per cent.

The Road Builders and Heavy Construction Association of Saskatchewan has established a Standard Practices Subcommittee to look into reasonable increases for target levels. The Ministry works with the Standard Practices Subcommittee to establish the minimum target.

The Ministry does not have direct control, but can influence this measure; hiring is the contractor's responsibility. The Ministry has bonus/penalty clauses in its northern contracts that encourage contractors to meet the target.

Measurement Results

Change in First Nation population served by a surfaced access road	27.6%

Many First Nations communities in southern Saskatchewan lack surfaced road access compared to other similar sized rural communities. Improving access to these communities will help fulfill the Ministry's goal of promoting economic development through transportation networks. This measure reflects the number of people who are directly impacted by the completion of improved access roads.

In 2007-08, the Ministry improved access roads for 27.6 per cent of the First Nation communities over 500 in population in southern Saskatchewan.

The Ministry has a great impact on this measure because it is responsible for creating a capital construction plan. Contractor capacity and weather do have an impact on how much work is done in a construction season.

4. Transportation Policy

Objective
To develop strategic transportation policies in consultation with the public and other government organizations.

Program Delivery
This program provides for transportation policy and program development. It also provides for improvements to the efficiency of Saskatchewan's transportation system by pursuing lower transportation, handling and storage costs for agriculture and other industries and developing new methods for the safe movement of goods. It also includes trucking program management, technical advice to short line railways and regulation of provincial railways. This program ensures that the transportation policy and program development contributes to provincial growth and strong communities in Saskatchewan.

Key Results

Continue to work with shippers and the trucking industry to reduce the cost of transportation through participation in the Transportation Partnership Program

- The Ministry entered into 160 new Transportation Partnership Agreements, generating in excess of $5.9 million in trucking efficiencies.

Participate on national and regional transportation councils

- The Ministry supported regional and national transportation groups including Western Transportation Ministers, Western Transportation Advisory Council (WESTAC) and Transportation Association of Canada (TAC) on initiatives such as the Western Transportation Strategy Update, Framework for a National Transportation Policy, High-Quality Data Collection Framework for Urban Goods Movement in Canada and National Commodity Flow, Trade and Transportation Forecasts. The Ministry also participated on the Tri-National Border Working Group, the Western Canada Transportation System Analysis Roundtable and the Pacific Northwest Economic Regions Roundtable.

Continue to work with Western provinces to harmonize vehicle weight and dimension regulations to facilitate the use of more safe and efficient vehicle configurations

- The Ministry continues to participate at the national level to enhance international trade through harmonization and safety initiatives including trip inspection, security of loads and hours of services regulations. The Ministry also provided support to the Council of Ministers Responsible for Transportation and Highway Safety through the Policy and Planning and Support Committee by attending meetings focused on moving towards a seamless national transportation network.

In co-operation with key stakeholders, explore opportunities for increasing air transportation to key regional airports in southern Saskatchewan

- The Ministry introduced the Community Airport Partnership (CAP) program for southern airports in 2007-08 to provide capital funding to eligible strategic regional airports for infrastructure rehabilitation. A total of 12 projects valued at $500,000 were approved under the new program. As a result of a short construction period and difficulties with labour and contractor availability, two projects did not proceed, resulting in expenditures of $360,000. The Ministry is also partnering with the Saskatchewan Aviation Council and Western Economic Diversification on a Saskatchewan Air Transportation Strategy, which focuses on airports that provide essential air services, serve regional needs and offer a socio-economic contribution to the province.

Implement an urban economic corridor policy

- The Ministry completed significant work on finalizing the policy including consultation with all eligible communities and tailoring the policy to meet government priorities and the communities' needs.

Review and approve provincial railway safety management plans to ensure that 100 per cent of provincial operators have approved plans

- The Ministry approved two safety management plans at Torch River railway and Terra Grain Industrial operations. All operations now have safety management plans.

Continue to pursue partnership opportunities with the federal government and industry in support of northern infrastructure

- Discussions with the federal government and industry are continuing in the context of the Building Canada Plan and all weather roads in the Athabasca Basin.

5. Strategic Municipal Roads

Objective
To provide for partnership project initiatives.

Program Delivery
This program provides for partnership project initiatives that facilitate traffic management on the provincial transportation system. It also provides for strategic investments on First Nations access roads and municipal roads. This program ensures that partnership investments in transportation are made to contribute to growing and strong communities.

Key Results

Effective November 2007, responsibility for the Canada Saskatchewan Infrastructure Program (CSIP) and the Canada Strategic Infrastructure Fund (CSIF) was transferred from the Ministry of Municipal Affairs

- To March 31, 2008, $4.7 million has been paid to 20 municipalities under the CSIP for 19 water and sewer projects, one local road project and one solid waste project.
- Under CSIF, a total of $4.8 million was paid to Saskatoon for the completion of its South Downtown Redevelopment Project. An additional $1.8 million was paid to the Rural Municipality (RM) of North Qu'Appelle to address lagoon capacity limitations.

Increased funding for roads that are damaged by heavy trucks

- Agreements have been made with seven municipalities in the Lloydminster area to upgrade 41.7 km of municipal roads. The work was completed in 2007.

6. Central Management and Services

Objective
To provide executive direction and centrally managed services for the core business activities of the Ministry.

Program Delivery
This program provides direction and centrally-managed services in the areas of finance, geographical information, property acquisition and management, communications and other operational services that include head office and program-based accommodations required for the delivery of the Ministry's mandate. It also provides for major capital (facilities) improvements. This program ensures that program delivery occurs to meet the Ministry's promises and commitments.

Key Results

Continue to develop project management capacity within the Ministry

- The Ministry sponsored nine Project Managers to attend the Masters Program in Project Management through the University of Saskatchewan. This initiative focused on employees who have a primary responsibility in their position related to project management.

Develop and implement recruitment and retention strategies for youth, First Nations and hard-to-recruit occupations

- The Ministry developed a retention strategy for First Nations which includes an Apprenticeship program for Heavy Duty Mechanics and Welders, targeting First Nations and Métis people. Ten individuals that participated in the program are now employed with the Ministry.
- The Ministry recruited 12 First Nations and Métis employees to form two crews to assist with the existing 30 preservation regional crews. The Ministry provided employment opportunities for people with intellectual disabilities as shop assistants in Fleet Services.
- The Ministry profiled its employment opportunities through speaking engagements at various conference/events such as Aboriginal Government Employees Network,

Saskatchewan Visible Minorities Employees Association and South Saskatchewan Independent Living Centre and Supported Employment. The Ministry continues to network and develop relationships and partnerships with schools and institutions in Aboriginal communities throughout the province.

- The Operations Division Recruitment committee was established and aligned with the inter-ministerial committee working on across-government recruitment and employment programs.

Continue to deliver the Leadership Development Program to develop Ministry leadership capacity

- In partnership with the University of Saskatchewan, the Leadership Development Program (LDP) was completed by 24 out-of-scope managers in fall 2007. At the completion of the 2007 LDP, 98 out-of-scope managers have participated in the modules, representing 60 per cent of out-of-scope managers.

2007-08 Financial Overview

Expenditures

Program	2007-08 Budget ($ X 1,000)	2007-08 Actual ($ X 1,000)	Variance ($ X 1,000)	Variance Explanation
Vote 016:				
Central Management and Services	**19,484**	**16,896**	**(2,588)**	
Executive Management	755	1,002	247	**1**
Central Services	5,367	4,367	(1,000)	**2**
Accommodation Services	13,362	11,527	(1,835)	**3**
Preservation of Transportation System	**117,724**	**137,551**	**19,827**	
Surface Preservation	108,316	128,102	19,786	**4**
Regional Services	9,408	9,449	41	
Strategic Municipal Roads	**15,900**	**12,008**	**(3,892)**	
Municipal Resource Roads	5,000	4,999	(1)	
First Nations Access Roads	4,900	3,463	(1,437)	**5**
Strategic Partnership Program – Road Management	6,000	3,546	(2,454)	**6**
Municipal Financial Assistance****	**13,876**	**11,215**	**(2,661)**	
Canada Strategic Infrastructure Fund (CSIF)	11,500	6,548	(4,952)	**7**
Canada-Saskatchewan Infrastructure Program (CSIP)	2,376	4,667	2,291	**8**
Operation of Transportation System	**84,371**	**90,721**	**6,350**	
Winter Maintenance	23,468	25,527	2,059	**9**
Road Safety and Traffic Guidance	22,657	26,163	3,506	**10**
Operational Services	22,485	23,124	639	**11**
Transport Compliance	5,749	5,032	(717)	**12**
Ferry Services	3,347	3,558	211	**13**
Airports	1,772	2,656	884	**14**
Information Technology Services	4,893	4,661	(232)	**15**
Transportation Policy	**2,315**	**1,467**	**(848)**	**16**
Machinery and Equipment (Capital)	**8,500**	**8,437**	**(63)**	
016 – Subtotal (Appropriation)	**262,170**	**278,295**	**16,125**	
Special Warrant *	**1,000**			
Supplementary Estimates **	**19,878**			

Program	2007-08 Budget ($ X 1,000)	2007-08 Actual ($ X 1,000)	Variance ($ X 1,000)	Variance Explanation
016 – Subtotal (Appropriation)	**283,048**	**278,295**	**(4,753)**	
Capital Asset Acquisitions	(11,081)	(11,288)	(207)	
Capital Asset Amortization	97,575	86,677	(10,898)	**17**
016 – Total Department Expense	**369,542**	**353,684**	**(15,858)**	
Custom Work Net Recovery	**0**	**(281)**	**(281)**	
016 – Total Custom Work Net Recovery	**0**	**(281)**	**(281)**	
Vote 017:				
Infrastructure Rehabilitation – includes 2006-07 carryover	**76,825**	**46,799**	**(30,026)**	**18**
Infrastructure Enhancements – includes 2006-07 carryover	**154,428**	**123,158**	**(31,270)**	
Highways and Bridges	150,028	120,413	(29,615)	**18**
Strategic Partnership Program – Road Construction	4,400	2,745	(1,655)	**18**
Supplementary Estimates **	**11,500**			
017 - Total Ministry Capital Appropriation ***	**242,753**	**169,957**	**(72,796)**	

* The Ministry received special warrant funding to cover the increase costs associated with snow and ice control activity.
** The Ministry received supplementary estimate funding to address road and traffic public safety concerns and provide for road surface repairs and preservation costs due to damage from spring flooding and the landslide on Highway 16 at Langham.
*** Includes 2006-07 Vote 017 carryover work in progress funding of $45.948 million.
**** CSIP and CSIF programs were transferred from Municipal Affairs (formerly Government Relations) on November 21, 2007 through an Order in Council.

Explanations for major variances:

1. Increase in Executive air travel and ministerial salary related costs.
2. Decrease is largely due to transfer of Human Resource Branch to the Public Service Commission as of October 1, 2007 and vacancy management savings.
3. Decrease in operating costs on Ministry occupied space and construction work in progress on capital work to be completed in 2008-09.
4. Increase in costs for flood-related work and public safety repairs.
5. Decrease due to work in progress on projects to be completed in 2008-09.
6. Decrease due to carry over of partnership projects to 2008-09.

7. Expenditures were less than expected as funds were budgeted in anticipation of a new federal agreement, which is still in negotiation.
8. Increased expenditures due to timing of completion of municipal projects in accordance with the federal agreement, which expires March 31, 2009.
9. Snow and ice control activity exceeded budgeted levels.
10. Increase costs associated with landslides and culvert replacements.
11. Increase largely due to re-organization and transfer from Transportation Policy.
12. Reduced costs largely due to vacancy savings resulting from change in staffing process.
13. Increase in ferry repair costs at various ferry sites.
14. Increase costs due to flood-related public safety repairs.
15. Decrease in information technology costs associated with hardware and infrastructure support costs.
16. Decrease is largely due to re-organization and transfer to Operational Services.
17. Reduction in amortization is due to the year-end change in aggregate inventory value expense adjustment and an increase in work in progress and carryover in completion of capital projects.
18. Due to carryover work in progress on various capital rehabilitation projects and enhancement projects. The projects are planned to be completed in 2008-09.

2007-08 Revenues

The Ministry collects revenue relating to sale of Crown lands or material on behalf of the government. The Ministry also collects revenue from the federal government to reimburse the province for infrastructure improvements completed under the federal-provincial cost-shared infrastructure programs. All revenue collected is deposited in the General Revenue Fund. Below is a summary of the Ministry's 2007-08 budgeted revenue compared to actual revenue.

Revenues	2007-08 Budget ($000s)	2007-08 Actual ($000s)	Variance ($000s)	Variance Explanation
Sales, Services and Service Fees	**1,194**	**2,683**	**1,489**	**1**
Transfers from Federal Government	**10,383**	**10,145**	**(238)**	
National Roadside Survey		61	61	
National Road Network Maintence Agreement		36	36	
Canada Strategic Infrastructure Fund	7,190	8,346	1,156	2
Border Infrastructure Fund	3,050	1,529	(1,521)	3
National Safety Code	143	140	(3)	
Canadian Intelligent Transportation System		33	33	
Transfers from Government Entities	**1,000**	**1,139**	**139**	
Total	**12,577**	**13,967**	**1,390**	

Explanations of Major Variances:

1. Due mainly to an increase in revenue from sales of property and materials.
2. Work in progress on two projects carried over from 2006-07; actual amount of carryover work to 2007-08 exceeded the budgeted level.
3. Work in progress on projects to be completed in 2008-09.

Transportation Partnerships Fund

The Ministry is responsible for managing the Transportation Partnerships Fund (TPF).

The Ministry's Transportation Partnership Program (TPP) generated $6.6 million in revenue for the TPF.

The TPF invested $5.5 million on transportation system improvements in 2007-08 and the TPF balance was $12.2 million on March 31, 2008.

Loans and Guaranteed Debt

The Ministry administers the Short Line Railway Financial Assistance Program for the province. Additional information is provided in Appendix B.

For More Information

The Ministry is confident that this report provides useful information about its accomplishments and future plans. If you have any questions or comments, we invite you to call (306) 787-4804, or contact:

Communications Branch
1200-1855 Victoria Avenue
Regina, Saskatchewan S4P 3T2

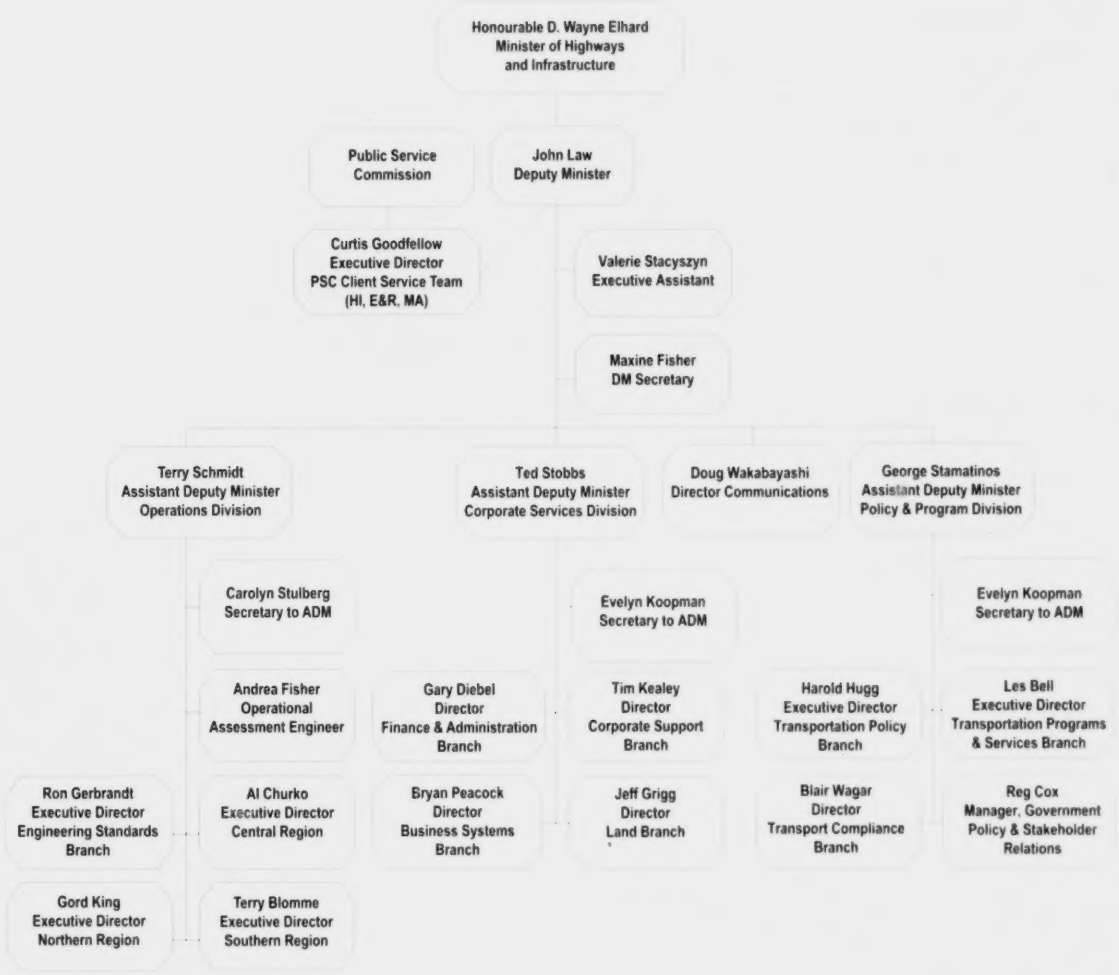
Or send us an e-mail through the Saskatchewan Ministry of Highways and Infrastructure website:

http://www.highways.gov.sk.ca

Visit our website to find out about:

- Road Conditions and Travellers Information
- Saskatchewan Truckers' Guide
- Construction Projects
- Transportation Centre of Excellence
- Updated Tender Schedule

Appendix A – Organization Chart (as of March 31, 2008)



Appendix B – Loan Disclosure

The Ministry administers the Short Line Railway Financial Assistance Program. Under this program, the province can provide municipalities or local community groups that want to preserve rail service in their area with an interest-free loan for the capital acquisition of rail infrastructure that is being abandoned. The potential short line operator must have a business plan which demonstrates that the short line railway is feasible. The loan is repayable over 15 years, with a discretionary three-year grace period.

To date, three loans have been made through this program. In 1999-00, a short line railway company applied for a $177,000 provincial loan and a $177,000 Canada Agriculture Infrastructure Program (CAIP) grant. Both were approved and agreements finalized.

In 2004-05 a producer-owned company received a loan in the amount of $1.76 million for the purchase of a rail network in the southwest of the province. This loan was issued under the new regulations and funds were provided from the Transportation Partnerships Fund (TPF) and General Revenue Fund (GRF) on a 50/50 split.

In 2005-06, several local governments in southern Saskatchewan negotiated the purchase of a branchline. The local governments were granted a loan in the amount of $240,000, with funding split between the TPF and the GRF.

In 2007-08, local governments in north-eastern Saskatchewan purchased a branchline and were granted a loan in the amount of $256,000, with funding split equally between the TPF and GRF.

This loan program supports the Ministry's objective of a "transformed regional transportation network to meet the future needs of rural Saskatchewan". A short line railway reduces truck traffic since agricultural products are hauled long distances by rail, rather than by large trucks on the provincial highway system. Reducing the amount of heavy truck traffic helps the Ministry sustain the condition of rural TMS highways.

Short Line Railway Loans	**2007-08 Budget**	**2007-08 Actual**	**Variance**
Beginning Balance	1,154	1,154	
Additions	1,000	128	(872)
Reductions	91	88	3
Ending Balance	**2,063**	**1,194**	**(869)**

Explanation of Variance:

The variance in actual additions to the budgeted amount of loans is a result of an anticipated application being delayed until 2008-09.

Appendix C – Legislation

The Minister of Highways and Infrastructure is responsible for the following Acts and Regulations:

The Highways and Transportation Act, 1997

The Wollaston Lake Barge Operation Regulations
The Controlled Access Highways Regulations
The Erection of Signs Adjacent to Provincial Highways Regulations, 1986
The Provincial Highways Designation Regulations, 1990
The Highways and Transportation Act Regulations (Autowreckers Licensing)
The Vehicle Weight and Dimension Regulations, 1999
The Security of Loads and Trip Inspection Regulations

The Dangerous Goods Transportation Act

The Dangerous Goods Transportation Regulations

The Engineering and Geoscience Professions Act

The Railway Act

The Final Offer Arbitration (Railway) Regulations

The Sand and Gravel Act

The Saskatchewan Grain Car Corporation Act

The Government Organization Act (not responsible for Act, three sets of Regulations)

The Short Line Railway Financial Assistance Regulations
The Ministry of Highways and Transportation Regulations
The Railway Line (Short Line) Financial Assistance Regulations (Enacted in June 2004)